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COUNTRY: Colombia

SUBJECT: Financial and Economic Developments

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1. The most important development of this month [June 1953], which promises a substantial improvement in the over-all economic picture of this country, was the sudden change of government that unexpectedly occurred ten days ago. Not only the calm and orderly way in which this event took place, but also the unanimous acclamation of the new Administration's program lead most observers to believe that prosperity and stability are bound to return soon to many sectors of our domestic economy, which had to bear the consequences of internal political tension during the last years.
2. Many farmers, cattle breeders and merchants, who had to abandon their properties because of insecurity in the hinterland, are returning now to take over again their farms and stores. Obviously, this turn of the tide will bring about an increase in agricultural production and on the whole will give a new impulse to the economy of our country. Hence the prevailing opinion in business circles is that the coming months will be characterized by more favorable economic trends.
3. Import registration dropped sharply during this month, the period 1 to 13 June totalling US\$13,647,000. This decline is chiefly attributed to the measures taken to curb imports such as the increased deposits to be made with the Bank of the Republic before an import register is granted and, of course, the increase in reserve requirements as reported in our last circular letter.
4. On 13 June 53 there was an exchange deficit of \$3,467,000 with purchases amounting to \$242,874,000 and sales registration aggregating \$246,341,000 though actual sales reached only \$236,240,000. This deficit, however, should not cause any concern since export registration still exceeds import registration by about \$4.5 million.

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Although gold holdings of the Bank of the Republic rose slightly, dollar reserves declined as will be seen from the table below:

	June 11, 1953	May 8, 1953 Thousands omitted	June 13, 1952
Currency in circulation	Col. \$526,549	522,184	482,294
Gold Reserve	US \$ 97,616	96,271	76,358
Dollar Reserve	" 57,873	70,543	37,844
Special deposits abroad	" 4,153	5,368	9,649
Other deposits	" 15,000	10,000	-
Total Reserve Ratio	56.59%	59.8%	43.45%

We are glad to give our friends abroad, who had inquired about the special certificate of origin now required by Colombian Consulates, a more detailed information in this respect. We have word from our Bogota Office that the Ministry of Foreign Affairs instructed the Colombian Consulates early this month to require this document only for shipments of the following commodities coming from countries whose trade balance with Colombia is more or less even, or from countries having a barter agreement with Colombia:

Dried figs, item 56-b; fruits mentioned under items 59 through 61 dried, in pieces or slices, item 62; wines and must, item 153; sparkling wines, item 154/5; other alcoholic beverages, item 156; ribbon made of pure silk and/or floss silk, item 447; silk velvet and plush, item 448; polished marble slabs, item 629-c; fancy pottery, item 658; chinaware, item 662; glassware, item 675; radio receiving sets except television sets, item 868-b; passenger or sport cars weighing up to 1240 kilos net, item 890-b; motorcycles, item 894.

According to decree 1356 bids requested by government agencies for imported merchandise will be restricted to imports from countries having a more or less even trade balance with Colombia. At the present time the following countries fall under this category: Canada, Denmark, Ecuador, Finland, France, UK, Italy, Spain, Sweden, US and Western Germany.

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